



Department of Business Regulation
Insurance Division
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Consumer Alert 2018-4

What You Need to Know About Long-Term Care Insurance

Learn whether or not long-term care insurance is right for you

If you need in-home care or to live in an assisted living or nursing facility for an extended period, long-term care insurance can provide peace of mind. However, long-term care insurance can be too expensive or the benefits too limited to justify the cost. The Rhode Island Insurance Division and the National Association of Insurance Commissioners (NAIC) offer these tips to help you better understand this complicated insurance product.

What is [long-term care insurance](#)?

Long-term care insurance provides in-home or in-facility care for people with chronic illnesses, disabilities or other conditions requiring ongoing care over an extended period. The range of care can be great – from helping bathe, dress and eat to skilled care provided by nurses or therapists. Someone with a prolonged physical illness, a disability, or a cognitive impairment such as Alzheimer’s disease often benefits from long-term care.

But I already have health insurance

Traditional health insurance policies do not pay for this type of daily or extended care. Medicare may pay for a limited stay in a nursing home, but only under specific circumstances. Medicaid may cover qualified individuals.

Long-term care insurance can be costly

The cost of long-term care services depends on the amount and type of care you need and where you get it. This type of care can be expensive, so do your research. Investigate costs in your region for care in a nursing home, an assisted living facility and your own home. Consider these figures as you look at policy premiums.

Shop Around

Once you have an idea of the cost of care near you, contact several companies and agents for quotes. Be sure to compare benefits, the types of facilities covered, limits on your coverage and the premium cost. Ask about potential rate

increases and the rate increase history for the company. Only buy insurance from a reputable agent or company licensed to sell insurance in your state.

You may have a choice between a federally “tax-qualified” long-term care insurance policy and one that is not. A tax-qualified policy may allow you to deduct part or all of the premium you pay from your federal taxes. Consult your tax professional to determine if a specific policy offers tax advantages.

A growing number of life insurance policies and annuity contracts now either include a built-in long-term care benefit or offer an add-on to your policy that pays for long-term care expenses. Check with your financial planner to see if this type of policy makes sense as part of your financial plan.

Deciding whether to buy

Whether you should buy a long-term care insurance policy will depend on your age, health status, overall retirement goals, income, and assets. Premiums are expensive. If you are on a fixed income, you should think carefully before purchasing such an expensive product. On the other hand, if you have means to pay premiums and assets you wish to protect, a long-term care insurance policy may be for you.

More Information

For more in-depth information, the NAIC’s [Insure U consumer resource](#) has more information, including a detailed [long-term care shopping guide](#). If you have questions about your insurance options or about your insurance coverage, contact the Rhode Island Insurance Division at 401-462-9520 or email dbr.insurance@dbr.ri.gov for assistance.

About the RI Insurance Division

The mission of the [Rhode Island Insurance Division](#) is to assist, educate and protect Rhode Islanders through the implementation and enforcement of state laws mandating regulation and licensing of the regulated industries while recognizing the need to foster a sound business environment in the state. We are also committed to treating everyone who comes before us fairly, efficiently and with respect. Please visit our [website](#) to obtain additional consumer information and [alerts](#) issued by the Rhode Island Insurance Division, or you may contact us at 401-462-9520 or email dbr.insurance@dbr.ri.gov for assistance.

About the NAIC

[The National Association of Insurance Commissioners \(NAIC\)](#) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC

members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S. For unbiased consumer information and resources, visit insureUonline.org

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